

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

1731861 ONTARIO INC. operating as PLASTICAP, PETER J. GOSSMAN
and THOMAS FRANK LATO

Defendants

AIDE MEMOIRE

(May 19, 2023)

1. This Aide Memoire is submitted on behalf of all Defendants and for the purpose of seeking an extension to make payment to the Plaintiff.
2. On January 19, 2023, Justice Wilton-Siegel adjourned the Plaintiff's motion to May 23, 2023 so long as there was compliance with the conditions set out in Schedule A thereto.
3. Schedule A required the following payments be made to the Plaintiff:
 - a. Payment of \$200,000.00 no later than February 3, 2023
 - b. Payment of \$200,000.00 no later than March 15, 2023
 - c. Payment of \$50,000.00 no later than April 14, 2023
4. The Defendants acknowledge and confirm that one or more of these payments were late. However, they were paid in reduction of the overall indebtedness
5. Paragraph 4 of Schedule A required the Defendants to make full payment on any outstanding sums. Unfortunately, due to the closure of bank accounts and, in particular, the line of credit, the Defendants were not able to make this final payment

6. However, the Defendants have taken positive and pro active steps to address the overall indebtedness.
7. That is, the Defendants have entered into a Term Sheet with S J Multi Global Investments Limited. This Term Sheet is attached hereto as Exhibit "A".
8. As can be seen from Exhibit "A", the aggregate amount of investment will be \$5.3 Million USD. As can also be seen from Exhibit "A", the use of the funds specifically refers to the Plaintiff, RBC. The Plaintiff will be paid in full on closing.
9. In support of the proposed investment, the Defendants have made part payment on the following dates and in the following amounts:
 - a. \$13,700.00; \$26,850.00 and \$13,450.00. Herein produced as Exhibit "C" are true copies of the transaction information for each payment. As can be seen from Exhibit "C" the bottom line reference is for S J Multi Global Investments Limited.
10. The Defendants agree that on the closing of the capital injection noted above, a direct payment may be made to RBC in exchange for the discontinuance of this action.
11. Confirmation of such participation is evident in the correspondence of Sam Burgio, Barrister and Solicitor dated May 19, 2023 and attached hereto as Exhibit "C".
12. The Defendants submit the following additional points:
 - a. The movement of the equipment secured by the Plaintiff was disclosed to the Plaintiff in advance. This was not a midnight run to remove equipment beyond the reach of their creditors;
 - b. As noted above, the Defendants have made substantial payments in compliance with the Endorsement of Justice Wilton-Siegel;
 - c. The Defendants have set up business in the state of Virginia. They have purchased equipment with monetary assistance from the state of Virginia. Produced herein as

Exhibit "D" is a list of equipment. One list is for the operating company which has assets but such assets are divorced from the ones secured with the Plaintiff;

d. The Defendants have been in business and continue to carry on business for an extended period of time in excess of 10 years;

e. The Plaintiff is favoured with personal guarantees to secure payment.

13. It is respectfully submitted that as the Defendants are on the verge of securing additional financing for which the Plaintiff will be paid in full, it is not commercially reasonable to allow a Receiver to assume carriage of this ongoing business.

All of which is respectfully submitted this 19th day of May 2023

A handwritten signature in black ink, appearing to read "Nicolas Canizares", is written over a horizontal line.

Nicolas Canizares

Lawyer for the Defendants

EXHIBIT "A"



March 14, 2022

1731861 Ontario Inc.

8600 Keele Street, Unit 11A

Concord ON L4K2N2

Attention: Thomas Lato and Peter Gossmann

RE: Term Sheet

Gentlemen, we are pleased to provide the following Schedule A Term Sheet for your acceptance.

With these types of transactions, closing dates are difficult to forecast, however, we believe that by late April we should be in a position to close this transaction with you.

S J Multi Global Investments Limited and our Private Equity Partners have successfully committed and funded over US\$ 262 million into several companies in United Arab Emirates, Germany, Poland and Canada over the past couple of years.

Our Private Equity Partners have successfully invested in real estate development, carbon capture, mobile network spectrum, and silica mining and processing (for the production of silica wafers – soon to be the largest producer in Europe).

With our support and investment, we believe your QuorMax product could become a game changer for the plastics industry.

Yours truly,

S J Multi Global Investments Limited

Michael Mckie

Michael Mckie – Director (416) 888-9595

mckie@multiglobalinvestments.com

On behalf of 1731861 Ontario Limited, we accept the Schedule A Term Sheet.

Per: _____

Thomas Lato

Per: _____

Peter Gossmann

(This document is the property of 1731861 Ontario Limited)

SCHEDULE A

TERM SHEET

1731861 ONTARIO INC. (Poly)

Funding Amount:	\$5.3 Million in the aggregate, additional funding amounts will be provided for expansion without any shareholder dilution, recognized to be \$10 – 15 Million.
Currency:	US dollars.
Use of Funds:	To retire RBC operating and term facility (currently in default); and Working capital.
Ownership:	<p>Current Shareholders (CS) will retain 25% of the equity in Poly, the Parent Company and associated and related companies; and</p> <p>Private Equity Investor Group (PE) will receive 75% of the equity in Poly, the Parent Company and associated and related companies.</p>
Profit Participation:	<p>CS and PE shall be made whole on a pari-passu basis before profit participation; ie CS's shareholder advances/loans and PE investment;</p> <p>All declared profits by the Board of Directors will be distributed annually within 90 days of the year-end after CS and PE have been made whole; and</p> <p>CS and PE will receive a 25/75 split as per their respective shareholdings of the declared profits and payable at their discretion.</p>
Board of Directors:	<p>Parent Company:</p> <ul style="list-style-type: none">▪ At Closing there will be 5 Directors: 2 nominees from CS, and 3 nominees from PE; Board decisions will be made on a majority basis.
Financial Statements:	Audited financial statements prepared within 90 days of year-end with internally-prepared quarterly statements within 15 days of quarter's end and monthly P/L statements prepared within 10 days of month's end.

SCHEDULE A

Conditions of Closing:

Completion of a satisfactory due diligence investigation of Poly and its legal affairs by PE;

The execution and delivery of definitive documents to include standard disclosure schedules, representations and warranties, in form and substance satisfactory to PE and CS;

The execution of an executive employment or consulting agreements between CS Parent Co. and key members of the executive management team, including Thomas Lato, Peter Gossmann, CFO (to be named) and any other employee identified by PE;

PE shall appoint the CFO;

The absence of any material change in the business of Poly and related and associated companies; and

Shareholder Agreement(s) shall include standard Arbitration and Indemnification clauses.

Shareholder Agreement between CS and PE, including, but not limited to, the following provisions:

- non-competition and non-solicitation clause for all key personnel;
- none of the PE stakeholders or any of their employees, agent or other representatives shall interfere with the supervision and management of the day-to-day operations of the business provided all metrics are met as set out by management and approved by the Board of Directors;
- the management team reserves the right for the design, engineering, and equipment selection, for any expansion or new facilities and approved by the Board of Directors; and
- the provision that any resolution to increase the fixed number of directors and to elect directors shall require unanimous shareholder approval at the parent company level.

An employee stock option/profit-sharing plan shall be instituted within 1 year of the investment; and

Any funding and/or financial commitments by PE shall only occur after the execution of the shareholders' agreement.

Success Fees:

10% of the Funding Amount PE contributed to Poly and/or associated or related companies shall be payable to PE at the Closing.

SCHEDULE A

Work Fee: Upon acceptance of this Term Sheet by CS, a Work Fee of 1% of the Funding Amount will be paid to PE to cover the cost of due diligence.

Legal Fees: In the event Closing does not occur after execution of the Term Sheet, CS will be required to reimburse PE for legal expenditures relating to this transaction.

**No Solicitation
or Negotiation:**

From the execution date of this Term Sheet until Closing, CS will cease and cause to be terminated any discussions or negotiations with and terminate any data room access (or other diligence access) of any person and its affiliates, directors, officers, employees, consultants, agents, representatives and advisors (collectively, "Representatives") relating to this transaction.

Furthermore, CS and their respective directors, executive and other officers will not authorize or direct any of its employees, consultants or other Representatives to, directly or indirectly:

- (i) solicit, initiate, propose or induce the making, submission or announcement of, or knowingly encourage, facilitate or assist, any proposal that constitutes, or is reasonably expected to lead to, an Investment into Poly or its' related or associated companies;
- (ii) furnish to any person any non-public information relating to Poly or afford to any person access to the business, properties, assets, books, records or other non-public information;
- (iii) participate or engage in discussions or negotiations with any Person with respect to an investment, or with respect to any inquiries from third Persons relating to making a potential Investment; and
- (iv) enter into any letter of intent, memorandum of understanding, merger agreement, acquisition agreement or other contract relating to an investment into Poly.

Any breach of this clause by CS will result in a Break Fee charge of \$200,000.00, payable immediately to the PE.

CS shall inform in writing to PE of any Negotiations or Solicitations that have occurred within the last 45 days prior to accepting this Term Sheet.

EXHIBIT “B”

SAM BURGIO B.A., JD

965 Tecumseh Rd. W.
Windsor Ontario
N8X 2A8
Tel: 519-980-5565
E: uscorporateimmigration@gmail.com

May 19, 2023

Plasticap 1731861 Ontario Inc.
Attention; Tom Lato
10520 Yonge Street, Unit 35B, Suite 169
Richmond Hill, Ontario,
L4C 3C7

Royal Bank of Canada
Attention: Jan Oros, Senior Manager, Special Loans & Advisory Services
20 King Street West, 2nd Floor,
Toronto, Ontario
M5H 1C4

Dear Mr. Oros:

RE: 1000528435 Ontario Inc oba PLASTICAP

This letter will confirm that 1000528435 Ontario Inc.(recently incorporated on May 5, 2023) is a holding company that has been registered for the purposes of purchasing 10% of 1731861 Ontario Inc. operating as PLASTICAP for an agreed amount by all related parties.

We acknowledge that RBC is a creditor of PLASTICAP and that \$100,000 from the proceeds of the investment will be available to pay RBC on or before June 9, 2023.

Should you have any questions or concerns please do not hesitate to contact me at the above noted number.

MAY THIS BE YOUR GOOD AND SUFFICIENT AUTHORITY.

Sam Burgio

SAM BURGIO, BA., JD
SB/mb

EXHIBIT “C”

Details



Transaction Information

Print

Status: Confirmed
Reference Number: 452615043-230419142057
From Account: 00021613770 - 11005855 CANADA CORP - CAD
To Account: 24691995217 - Third-party - CAD
Amount: 13,450.00 CAD
Template Name: S J Multi Global Investments Limited

Transfer Timeline

Processing Time: 02:20:57 PM EDT Processing Date: 2023-04-19
Created By: PGOSSMANN on 2023-04-19 02:20:57 PM EDT
Last Actioned By: PGOSSMANN on 2023-04-19 02:20:57 PM EDT
Frequency: One Time

Additional Information

Comments: Michael Mckie S J Multi Global Investments Limited Term Sheet

Details ✕

Transaction Information Print

Status: **Confirmed**

Reference Number: **448144994-230403162640**

From Account: **00021613770 - 11005855 CANADA CORP - CAD**

To Account: **24691995217 - Third-party - CAD**

Amount: **26,850.00 CAD**

Template Name: **S J Multi Global Investments Limited**

Transfer Timeline

Processing Time: **04:26:40 PM EDT** Processing Date: **2023-04-03**

Created By: **TOM on 2023-04-03 04:26:40 PM EDT**

Last Actioned By: **TOM on 2023-04-03 04:26:40 PM EDT**

Frequency: **One Time**

Additional Information

Comments: **Michael Mckie S J Multi Global Investments Limited Term Sheet**

Details ✕

Transaction Information Print

Status: Confirmed

Reference Number: 445321784-230327162217

From Account: 00021613770 - 11005855 CANADA CORP - CAD

To Account: 24691995217 - Third-party - CAD

Amount: 13,700.00 CAD

Transfer Timeline

Processing Time: 04:22:17 PM EDT Processing Date: 2023-03-27

Created By: TOM on 2023-03-27 04:22:17 PM EDT

Last Actioned By: TOM on 2023-03-27 04:22:17 PM EDT

Frequency: One Time

Additional Information

Comments: Term Sheet Payment from Plasticap Polycap PolyProcessors

EXHIBIT “D”

Master Equipment List August 2022

1731861 ONTARIO INC.

plasticap



Injection Molding machines	\$762,740
Cap lining machines	\$129,335
Extrusion machine	
Machine tools	\$27,100
Cooling Equipment	\$40,515
Material Handling Equipment	\$124,992
Ancillary Equipment	\$409,214
Molds	\$1,497,860
Vehicles	\$36,000
	\$3,027,756